

Members

Rep. Dennie Oxley, Chairperson  
Rep. James Bottorff  
Rep. Markt Lytle  
Rep. William Friend  
Rep. Jack Lutz  
Rep. Dean Young  
Sen. Thomas Weatherwax, Vice-Chairperson  
Sen. Johnny Nugent  
Sen. John Waterman  
Sen. James Lewis  
Sen. Larry Lutz  
Sen. Richard Young



## WATER RESOURCES STUDY COMMITTEE

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Authority: IC 2-5-25

### MEETING MINUTES<sup>1</sup>

Meeting Date: October 19, 2004  
Meeting Time: 1:00 P.M.  
Meeting Place: Patoka Lake Visitors Center  
Meeting City: Birdseye, Indiana  
Meeting Number: 1

**Members Present:** Rep. Dennie Oxley, Chairperson; Rep. James Bottorff; Sen. James Lewis; Sen. Richard Young.

**Members Absent:** Rep. Markt Lytle; Rep. William Friend; Rep. Jack Lutz; Rep. Dean Young; Sen. Thomas Weatherwax, Vice-Chairperson; Sen. Johnny Nugent; Sen. John Waterman; Sen. Larry Lutz.

Representative Dennie Oxley, Chairperson of the Water Resources Study Committee (Committee), called the meeting to order at 1:11 p.m.

The first person to address the Committee was Tony Hazelwood from the Department of Natural Resources (DNR). Mr. Hazelwood stated he was the Patoka Lake Property Manager. He said the Patoka Lake facilities were opened to the public in 1980 and, at 26,000 acres, Patoka Lake is the largest property managed by DNR.

Mr. Hazelwood also stated Patoka Lake was originally and primarily created for flood

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

control by the United States Army Corps of Engineers. However, he said Patoka Lake is also a major recreational area that draws an average of 800,000 visitors per year.

In response to questions from Committee members, Mr. Hazelwood said he thought a lodge similar to those operated at some DNR state parks would help the Patoka Lake facility. He also said the facility needed funds to correct problems associated with the solar heating system in the Visitors Center.

The next person to testify was John Davis, DNR Deputy Director, concerning the Indiana Water Shortage Plan. Mr. Davis introduced Matt Hopper, DNR Legislative Liaison, who distributed copies of a report and draft work plan (Exhibit 1) prepared by the Water Shortage Advisory Group (Group) after conducting two meetings in 2003. Mr. Davis stated the Group had been established in response to House Concurrent Resolution 72 (HCR 72) introduced in 2003. He stated HCR 72 did not pass both the House and the Senate, but it had urged the DNR to update the 1994 water shortage plan.

Mr. Davis said the DNR needed more input and direction from the General Assembly concerning the update of the water shortage plan. He also said the costs of updating the plan could exceed \$250,000 and the DNR would struggle to pay for the update within its current budget.

Mr. Hopper said the Group had been appointed by John Goss, Director of the DNR Division of Water. He stated the most difficult problem the Group struggled with was how to determine which category of water users, business and industry, agricultural, or residential, would have the amount of water it received reduced when there was a shortage.

Mr. Davis then distributed a map of generalized ground water availability in Indiana (Exhibit 2). He said the map showed the most serious ground water availability problems would occur in the southern one-third to one-half of the state. Mr. Davis said he believed the map had been prepared with the use of water well production records kept by the DNR Division of Water.

In response to questions from Committee members, Mr. Hopper said HCR 72 had passed the House in 2003 but had not passed the Senate.

In response to questions from Committee members, Mr. Davis said concerns over terrorist contamination of water supplies was "timely" and the DNR should be able to coordinate security issues with the federal Department of Homeland Security. He also said, because of security concerns, government agencies should consider what type of information concerning water supply systems should be available to the public and whether a record should be kept of those individuals who access that information.

Mr. Hopper then introduced Jim Lake from DNR. Mr. Lake distributed a draft of the Clean Water Indiana (CWI) summary report (Exhibit 3) concerning CWI activities that occurred between November 30, 2001, and September 30, 2004.

Mr. Lake said the CWI program was established in 1999 to help protect and enhance Indiana's streams, rivers, and lakes by reducing the amount of polluted storm water runoff from urban and rural areas that entered surface and ground water. He stated that initially the CWI program did not receive any funding. He said eventually \$1 million dollars was appropriated to the CWI program from the Build Indiana Fund. He said the draft report summarizes how this \$1 million was administered and used.

Mr. Lake stated the DNR Division of Soil Conservation administered the CWI fund under the direction of the State Soil Conservation Board. He went on to say all 92 soil and water conservation districts had received at least one grant and the average grant was \$9,500.

Mr. Lake said the soil and water conservation districts used over \$825,000 of the CWI fund to implement local projects. He said that, in addition to these funds, the districts had committed over \$244,000 of their own funds and partnered with other public and private entities to obtain over \$956,000 in cash and "in-kind support."

Mr. Davis then discussed the Conservation Reserve Enhancement Program (CREP) administered by the United States Department of Agriculture (USDA). [CREP is a voluntary program for agricultural landowners. State and federal partnerships allow the state to receive federal matching funds to make incentive payments to these landowners for installing specific conservation practices.]

Mr. Davis said that, at first, the USDA believed the \$175,000 left in the CWI fund was not enough for the USDA to enter into an agreement with Indiana under CREP. However, he said because of money received or pledged from various public and private sources, the USDA now agrees there is enough state money available to provide matching funds for projects in the upper Tippecanoe River, upper White River, and Pigeon Creek watersheds.

The next person to testify was Gene Weaver, Vice President of the Indiana Association of Soil and Water Conservation Districts (IASWCD). Mr. Weaver distributed copies of documents (Exhibit 4) to the Committee concerning his presentation.

Mr. Weaver said adequately funded soil and water conservation programs are paramount in the 21st century. He said the "T by 2000" program was created by the legislature in 1986 to address Indiana's soil conservation and water quality protection needs. He stated that, even though the program had never been adequately funded, the results had been "tremendous." Mr. Weaver said "T by 2000" had helped decrease soil erosion in Indiana by 31%. He said these results guaranteed the preservation of prime farmland and improved water quality.

Mr. Weaver stated Indiana continues to rely almost exclusively on federal Farm Bill conservation programs to provide funding sources for conservation programs. However, he said when Congress becomes concerned about budget problems, conservation programs are usually some of the first programs to be cut. Mr. Weaver said that while CREP was finally "off and running," the program needs to be expanded beyond the three watershed projects Mr. Davis mentioned.

Mr. Weaver continued by stating Indiana must create its own dedicated funding sources for conservation programs and should create a "stewardship" fund for CWI. Mr. Weaver then described five options for funding a dedicated and permanent CWI fund. He said the funding options included assessing each real estate parcel an annual fee, assessing each sewer user a fee, assessing a fee per real estate transaction, assessing a fee when a real estate parcel was subdivided, and assessing a fee for fertilizer use.

Mr. Weaver concluded his testimony by quoting from the "Kruse Report" written by Senator Dennis Kruse. Mr. Weaver said Senator Kruse had written "I believe that Clean Water Indiana is a smart investment for Indiana, but we need a permanent source of funding. We can no longer rely on unpredictable sources of revenue like the Indiana general fund or federal sources...A dedicated and permanent funding for Clean Water Indiana is an investment in soil and water conservation, an investment in Indiana's future, and an investment in the quality of life."

Mr. Weaver then introduced Dean Farr, Executive Director of the IASWCD, Ray Chattin, Secretary of the IASWCD, and Jim Droege, Treasurer of the IASWCD.

In response to questions from Committee members, Mr. Weaver said he knew of no specific legislative proposals offered by Senator Kruse to provide CWI funding sources.

In response to questions from Committee members, Mr. Farr said there were difficulties in assessing a tax or fee on bottled water to provide a funding source because bottled water was considered a "food item."

In response to questions from Committee members, Mr. Weaver said CREP expires in 2007 and did not know if it would be extended. Mr. Droege added that, even if CREP was not extended, the USDA would honor existing contracts with states but would not enter into new contracts.

Representative Oxley stated the Committee was committed to funding CWI.

The next person to testify was Mr. Davis concerning the Charlestown State Park water well field. Mr. Davis said the area had been used by the United States Army as an ammunition plant. He said the state had recently acquired the last parcel of land from the Army necessary to remove the Army as "an extra player" when it came to making decisions concerning the water wells.

Mr. Davis said there were seven "Rainey Wells" located at the park. He said the wells had been drilled in the 1940's and had never been run at "full force." He said it was believed the seven wells had the potential to produce an aggregate of 70 million gallons of water per day, but it was not known what would happen to the aquifer in the area if the wells were operated at this rate. He said the pump plants had not been operated since the 1950's and probably all needed refurbishment.

Mr. Davis said the major problem with the water wells involved a facilities use agreement a representative of the Army had sold several years ago. He said ownership of the agreement had passed through several companies and was now owned by Aqua Indiana. He said because there are questions concerning the validity of the original agreement, it was difficult to make decisions concerning the use of the water wells.

Mr. Davis continued by stating the DNR and most of the water utilities and local governments in southern Indiana did not feel there was a short term demand for the water in Indiana but that there most likely would be a need for the water in the future. He said the city of Louisville may be interested in purchasing some of the water, but Louisville probably would not make the investment necessary to obtain water from the wells until the legal status of the facilities use agreement was settled.

Mr. Davis concluded by stating it was best for Indiana if the DNR was a player in the fate of the wells. He said Aqua Indiana was open to any solution concerning the validity of the facilities use agreement. He said he would keep the legislators updated on the status of the Charlestown wells.

In response to questions from Committee members, Mr. Davis said if the state did gain control of the water wells and there was not a short term need for the water in Indiana, then the state should sell the water and "make some money". However, Mr. Davis said the state should not sell the water to Louisville or another entity outside of Indiana under a long term agreement unless the agreement allowed Indiana to stop providing the entity with water with reasonable notice.

Mr. Davis also said, if the state was going to provide water from these wells in Indiana, DNR should be the "asset holder" and should not get into the business of running pipeline. Mr. Davis said water could possibly be provided through existing pipelines under some type of consortium, perhaps using the Patoka Lake consortium as a model. Mr. Davis also said it may be time to start thinking about creating a new regional water district. However, he said the 2005 legislative session may be too soon to have any legislation introduced concerning this issue.

Representative Oxley adjourned the meeting at 2:51 p.m.